

## CURRENT INTELLIGENCE WEEKLY SUMMARY

28 September 1962

THE WEEK IN BRIEF  
(Information as of 1200 EDT 27 Sept)

25X1

## SOVIET FOREIGN POLICY DEVELOPMENTS . . . . . Page 1

Although Gromyko's opening speech to the UN General Assembly contained a strong attack on US policy toward Cuba, it was relatively restrained and routine on other East-West issues. It provided no further indications regarding Soviet plans for bringing the Berlin and German questions before the UN. Bloc spokesmen, however, continued to express interest in further Berlin talks with the US.

## CUBA . . . . .

Soviet propaganda continues to charge that the US is making preparations for aggression against Cuba, and declares that American efforts to round up NATO and OAS support will not succeed. Those NATO countries whose shipping firms own most of the Western-flag ships chartered by the USSR for trade between Cuba and the bloc appear disinclined to interfere with the use of their vessels for nonstrategic shipments. Inside Cuba, old-line Communists who have been lying low since the "purge" of Escalante last spring may be making a comeback with Moscow's support.

## SOVIETS TO BUILD FISHING PORT IN CUBA . . . . .

The USSR and Cuba plan to build a port in Havana Bay for a joint Atlantic fishing fleet. The port will benefit Soviet fishing operations by obviating the need for vessels to return to the Baltic for maintenance and repair. The move probably also presages a step-up in Soviet fishing operations in the southern areas of the North Atlantic and possibly in the Gulf of Mexico.

25X1

USSR SUSPENDS INCOME TAX CUT . . . . . Page 9 25X1  
OK

Moscow's suspension of its program for gradually abolishing income taxes is another setback for the Soviet consumer. This decision--announced on 24 September--apparently stems from a desire to restrict purchasing power, which now is out of proportion to the amount of consumer goods and services available. In an effort to justify this unpopular move, the announcement said it was necessary because of "the increasingly aggressive actions of imperialism."

## EAST GERMAN EFFORTS TO ALLEVIATE FOOD SHORTAGE . . . . .

The East German regime is taking a number of steps to improve the food situation. Measures include the importation of meat, an appeal to farmers to return to raising swine and poultry on private plots, and the introduction of price incentives to stimulate collective farm production of potatoes and swine.

25X1

1

SECRET

## CURRENT INTELLIGENCE WEEKLY SUMMARY

28 September 1962

25X1

SINO-SOVIET RELATIONS . . . . . Page 11

Soviet president Brezhnev's visit to Yugoslavia has been attended by an upsurge of Chinese and Albanian polemics against Belgrade and Moscow. Against this background of rising intrabloc tensions, there have been reports that the Soviets are closing at least some of their consulates in China and that the Chinese are strengthening their security forces along the frontier with the USSR. While the Brezhnev visit is being treated as a state affair, both Moscow and Belgrade apparently intend to explore the possibility of restoring some form of party contacts.

25X1 [REDACTED] 25X1  
INDUSTRIAL DIFFICULTIES CONTINUE IN COMMUNIST CHINA . . .

The decline in industrial output in Communist China apparently continued through the first half of 1962 and may not yet have reached bottom. Numerous reports point to the probability that industrial production in 1962 will fall below the low 1961 level, in some cases even below the level planned under the regime's retrenchment policy. The slump may be an extended one. The regime has implied publicly that there is no immediate prospect for an upturn in industry and that industrial recovery may have to wait until after a recovery in agriculture.

UN SECURITY COUNCIL ELECTIONS . . . . . 25X1

Elections to the UN Security Council--usually held in the General Assembly shortly after three weeks of general debate--will reflect this year the strong Afro-Asian drive for reallocation of the six elective seats. Nigeria's bid for one of the three seats up for election this year jeopardizes Norway's chances for a full two-year term in the Western European seat. Morocco will probably succeed the UAR in the Near Eastern seat, and Brazil seems assured of the Latin American vacancy. Since any proposal to enlarge the membership of the Security Council faces a Soviet veto, Afro-Asian efforts to get a seat will continue to be at the expense of Western Europe and possibly Latin America.

25X1

ii  
SECRET

## CURRENT INTELLIGENCE WEEKLY SUMMARY

28 September 1962

## YEMEN . . . . . Page 16

A revolt broke out in Yemen on 27 September in the wake of the death of Imam Ahmad. The rebel group, which apparently includes pro-Nasir elements, announced on Sana radio that they had "got rid of" the new Imam, Mohammed Badr, and proclaimed a "free Yemeni republic."

OK

25X6

## JAPANESE TRADE DEVELOPMENTS . . . . . Page 17

The Japanese Government has scheduled for 1 October a major relaxation of the foreign exchange restrictions by which it has traditionally controlled the size, source, and character of the country's imports. To prevent a heavy increase in imports, however, Tokyo has raised tariffs and is moving toward greater control of the nation's industrial and commercial structure.

OK

25X1

25X1

## FINLAND . . . . . Page 18

Finnish President Kekkonen leaves on 3 October for a ten-day holiday in the Soviet Union. The visit, his second to the USSR within a year, is being made at the invitation of Premier Khrushchev. Kekkonen may use the opportunity to discuss with Soviet leaders the German question and Finland's desire for a link with the Common Market. On the domestic scene, the smaller parties in his Agrarian-dominated government are becoming increasingly restive, and the government faces a period of difficult wage negotiations.

25X1

## WEST BERLIN MORALE . . . . . Page 19

West Berliners have calmed down since the 17-30 August riots against the Wall, but their mood remains volatile and further eruptions are possible in reaction to sensational new refugee incidents or additional Communist successes. Mayor Brandt has sought to reduce the likelihood of further trouble by taking the line that hatred of the Wall should not blind West Berliners to the more important question of the survival of West Berlin. The economy continues to operate at high levels, although there are some signs of pessimism about the future among West Berlin businessmen.

25X1

25X1

## THE FRENCH POLITICAL SCENE . . . . . Page 20

OK

De Gaulle's proposal to call a referendum to permit direct popular election of the French president has aroused general parliamentary opposition. Party leaders are weighing the desirability of a censure motion on the issue when parliament reconvenes on 2 October. Most deputies are reluctant however, to take a public stand against the principle of an elective president, because the idea has broad public backing. In the new session, therefore, they will probably turn increasingly to other more exploitable issues, including the discontent among farmers, labor, and small shopkeepers, and the Algerian refugee problem.

25X1

iii

SECRET

## CURRENT INTELLIGENCE WEEKLY SUMMARY

28 September 1962

VENEZUELA . . . . . Page 21

The Venezuelan Government is under renewed pressure from rightist military leaders to take more drastic action against the current wave of Communist-led terrorism. Alarmed by the recent assassination of four military guards, a group of high-level army and national guard officers reportedly is planning to overthrow President Betancourt soon if effective security measures are not taken. Government officials are aware of the dissension within the military but appear confident that the situation will remain under control. [REDACTED]

OK

25X1

ARGENTINA . . . . . Page 22

Last week's power struggle among Argentina's politically minded generals ended in victory for the "legalist" faction which supports prompt return to democratic government and a policy of moderation toward Peronists. President Guido has moved promptly to purge the "hard-line" army and navy leaders whose puppet he had been since they gained ascendancy in the August crisis. Guido's chances of avoiding a resurgence of military feuding depend on his success--in conjunction with the military leaders who support, and probably control, him--in stabilizing the situation. [REDACTED]

OK

25X1

SPECIAL ARTICLES

1

OIL DEVELOPMENT IN LIBYA . . . . . Page 4

Oil production in Libya, which began in late 1961, is expanding rapidly. With reserves estimated at 20-40 billion barrels and the advantage of its location west of Suez, Libya could capture a sizable share of the best world markets for its oil exports. Oil company officials are apprehensive about Libya's recent adherence to the Organization of Petroleum Exporting Countries, which aims to increase revenues paid by the companies to the host governments. Libya is not likely to become embroiled with the companies in the near future, however, because it will need their marketing facilities to establish its position in the world oil market. [REDACTED]

OK